GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

STARRED QUESTION NO:546
ANSWERED ON:14.05.2007
PROCUREMENT BY PRIVATE COMPANIES
Gawali Smt. Bhavana Pundlikrao;Jha Shri Raghunath

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether certain private companies have made advance payment to the farmers for procurement of wheat despite stringent provisions made by the Government to check excessive procurement;

(b) if so, the details thereof and the steps taken to check such excessive procurement;

(c) whether the Government is unable to procure adequate quantity of wheat despite better production and payment of bonus in addition to increased Minimum Support Price (MSP) by the Government for procurement of wheat;

(d) if so, the details thereof and the reasons therefor; and

(e) the steps taken by the Government to tackle the situation and ensure adequate supply of wheat in the country?

Answer

MINISTER OF AGRICULTURE AND MINISTER OF CONSUMER AFFAIRS, FOOD & PUBLIC DISTRIBUTION (SHRI SHARAD PAWAR)

(a), (b), (c), (d) & (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE STARRED QUESTION NO. 546 DUE FOR ANSWER ON 14.05.2007 IN THE LOK SABHA.

(a): No report regarding advance payment by private companies to the farmers for procurement of wheat has been received in the Department.

(b): As per the present policy, farmers are free to sell their produce to the Government agencies at the procurement price (Minimum Support Price plus bonus) or to the Private parties, as is advantageous to them. This ensures remunerative prices to farmers. No quantitative restriction has been imposed on private parties for procurement of wheat, since this would be detrimental to the farmers` interest. However, in order to check speculative tendencies, a notification titled `Wheat (Stock Declaration by Companies or Firms or Individuals) Order 2007` has been issued under the Essential Commodities Act, 1955 on 1.3.2007. The order provides that any Company or Firm or individual who purchases wheat beyond 50,000 tonnes during 2007-08 shall, furnish to the Central Government a return indicating the name/address of the company, quantity of wheat purchased and quantity of wheat held in stock.

(c)&(d): Procurement of wheat is still in progress in major wheat producing States. As on 8.5.2007 the procurement of wheat in the current Rabi Marketing Season (RMS) 2007-08 is 89.56 lakh tonnes as against 91.21 lakh tonnes procured in RMS 2006-07. This shortfall is due to late market arrivals this year, since harvesting of wheat in major wheat producing States in RMS 2007-08 was delayed as compared to last year, due to rains in February and March, 2007 and also due to a higher percentage of manual harvesting of wheat in Punjab and Haryana as compared to last year.

(e): The steps taken by the Government to tackle the situation and ensure adequate supply of wheat in the country for the requirements made the TPDS and welfare schemes are given in Annexure.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (e) OF THE STARRED QUESTION NO. 546 DUE FOR ANSWER ON 14.5.2007 IN THE LOK SABHA.

Steps taken by the Government to ensure adequate supply of wheat in (RMS) 2007-08

i) The MSP for wheat was fixed at Rs. 750 per quintal for RMS 2007-08, an increase of Rs. 100 per quintal, in order to encourage farmers to grow more wheat. Now, according to the Third Advance Estimates of the Department of Agriculture & Cooperation, the estimated production of wheat is likely to be 73.7 million tonnes in crop year 2006-07 compared to 69.3 million tonnes in crop year 2005-06.

ii) An incentive bonus of Rs. 100 per quintal over and above the MSP is also being given in RMS 2007-08.

iii) A Committee of officers/Experts was formed to recommend an appropriate strategy for wheat procurement in RMS 2007-08, and the recommendations of this Committee have been acted upon appropriately by the Government.

iv) Import of 55 lakh tonnes of wheat was done in 2006-07 which has improved the stock position of wheat in the Central Pool and the wheat stocks (as on 1.4.2007) were more than the buffer norms of 40 lakh tonnes at the start of RMS 2007-08.

v) Wheat exports on private account have been banned upto 31.12.2007. Wheat exports from Central Pool are also banned.

vi) Decision was taken to release 4 lakh tonnes of wheat under OMSS in February and March 2007 to cool the market prices before the start of RMS 2007-08.

vii) The Government is keeping very close watch on domestic and international prices of wheat.

viii) A notification titled `Wheat (Stock Declaration by Companies or Firms or Individuals) Order 2007 has been issued under the Essential Commodities Act, 1955 on 1.3.2007. The order provides that any Company or Firm or individual which purchases wheat beyond 50,000 tonnes during 2007-08 shall furnish to the Central Government a return indicating the name/address of the company, quantity of wheat purchased and quantity of wheat held in stock.

ix) Department of Consumer Affairs has extended upto 31st August, 2007 notification under the EC Act enabling State Governments to impose stock limit on wheat and pulses.

x) Import of wheat on private account at zero duty has been permitted upto 31.12.2007.

xi) 13128 centers for wheat procurement have been opened by Government agencies in RMS 2007-08 as compared to 8985 centers in RMS 2006-07.

xii) Senior Officers of Department of Food and Public Distribution and FCI are frequently visiting wheat procuring States to personally assess the situation.
xiii) A decision has been taken by the Government to import one million tonnes of wheat in suitable tranches, by July, 2007.

xiv) In order to encourage wheat procurement in States like U.P., Madhya Pradesh, etc Commission to Societies/sub-agents has been enhanced to 2.5% for RMS 2007-08 on the lines of the Arthiya Commission in Punjab and Haryana.